

ISSUE DATE: October 23, 1998

DOCKET NO. P-551, 572/CP-97-128

ORDER ESTABLISHING RATES FOR POLLING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of an Extended Area Service
Petition among the Exchanges of Gibbon,
Fairfax and Winthrop

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PROCEDURAL HISTORY

On January 27, 1997, telephone customers in the Gibbon, Fairfax and Winthrop telephone exchanges filed a set of petitions for Extended Area Service (EAS) among these three communities. CenturyTel of Minnesota, Inc. (CenturyTel) now provides local telephone service in Gibbon and Fairfax. Winthrop Telephone Company (WTC) serves the Winthrop exchange.

On March 14 and 17, 1997, USWC (which served the Gibbon and Fairfax exchanges at the time) and WTC submitted traffic studies.

On April 15, 1997, the Minnesota Department of Public Service (the Department) submitted its report and recommendation. The Department reported that none of the routes met the Commission's traffic criterion that at least 50 percent of the customers in the petitioning exchange(s) must make three or more calls per month to the petitioned exchange(s). Since the calling volume did not meet the Commission's traffic threshold, the Department recommended that the Commission deny these petitions.

On May 23, 1997, the Commission received a letter from the petition sponsor, the Winthrop Economic Development Authority (EDA). The EDA Director requested that the Commission continue to process the petitions from Gibbon, Fairfax and Winthrop based on legislation that the governor signed into law on April 28, 1997: the School District EAS statute [Minn. Law (1997) Chapter 59 - H. F. No. 211]. The three communities make up Independent School District #2365.

On December 22, 1997, the Commission issued its ORDER REQUIRING THE FILING OF COST STUDIES AND PROPOSED RATES in this matter. The Commission found that these petitions conformed to the School District EAS statute and directed the affected telephone companies to file cost studies and proposed rates.

On May 22, 1998, CenturyTel and WTC (the Companies) submitted cost studies.

On June 17, 1998, the Department filed comments, recommending that the Commission accept the Companies' cost studies and proposed rates, and proceed to polling telephone subscribers in Gibbon, Fairfax and Winthrop.

The Commission met on October 20, 1998 to consider this matter.

FINDINGS AND CONCLUSIONS

I. BACKGROUND

The purpose of Minn. Law (1997), Chapter 59 - H. F. No. 211 (the School District EAS statute) is to "facilitate communication among school district and charter school parents, teachers, students, and school administrators in the geographic region of combined school districts . . . " through installation of extended area service.

The main difference between "traditional" EAS and school district EAS, is the absence of a traffic criterion or minimum calling threshold. The petitioning process for school district EAS is similar to "traditional" EAS except that the petition must include signatures from customers in **all** the exchanges involved. The law directs the Commission to grant a school district EAS petition when the following criteria are met:

1. a majority of the customers in each of the local telephone exchanges identified in the petition favor extended area service installation;
2. at least 15 percent of the customers of each local telephone exchange identified in the petition are also residents of the combined school district; and
3. each local telephone exchange identified in the petition is contiguous to another exchange identified in the petition.

The combined petition from Gibbon, Fairfax, and Winthrop fulfilled criterions 2 and 3 and is ready to move to the polling process once the Commission has approved the Companies' revenue requirement and the proposed EAS additives.

II. REVENUE REQUIREMENT

The revenue requirement for an EAS route is composed of two parts: 1) the cost of providing the service, i.e. the value of facilities and other resources of the affected telephone company(ies) needed to carry the EAS traffic; and 2) the lost contribution to the company's (companies') revenues from the provision of access and toll services when a route or routes are converted from toll to local calling.

In this case, there are two affected telephone companies, CenturyTel (serving the Gibbon and Fairfax exchanges) and WTC (serving the Winthrop exchange).

A. Facilities Costs

The Department's review and analysis of CenturyTel's and WTC's facilities requirements and the

associated costs found them to be in compliance with standards developed in earlier Commission Orders. The Commission finds that the Department's review was correct and will approve the Companies' proposed facilities costs.

B. Lost Access Contribution

The Department acknowledged the Commission's findings in the New Germany EAS case (Docket No. P-407, et al./CP-96-564) and made no adjustments to CenturyTel's and WTC's proposed revenue requirements. The Department recommended that the Commission approve the total revenue requirement as being consistent with previous Commission Orders.

The Commission finds that the Department's recommendation is appropriate and will approve the Companies' proposed revenue requirement.

III. PROPOSED RATES

In its May 22, 1998 filing, CenturyTel and WTC filed proposed rates for the affected exchanges. The Department recommended approval.

The Commission finds that the rates proposed for Gibbon and Fairfax by CenturyTel and the rates proposed for Winthrop by WTC are reasonable and will approve them.

ORDER

1. The cost studies and resultant revenue requirement submitted by CenturyTel of Minnesota, Inc. (CenturyTel) and Winthrop Telephone Company (WTC) are accepted.
2. CenturyTel's proposed School District EAS rate additives for the Gibbon and Fairfax exchanges are adopted as follows:

Class of Service	Base Rate	Proposed School District EAS Additives
Residential Access Line	\$13.96	\$2.83
Business Access Line	\$34.61	\$7.01
Public Access Line (Payphone)	\$34.61	\$7.01

3. WTC's proposed School District EAS rate additives for the Winthrop exchange are adopted as follows:

Class of Service	Base Rate	Proposed School District EAS Additives
Residential	\$10.90	\$3.22
Business	\$14.80	\$4.27

4. CenturyTel and WTC shall cooperate fully with Commission Staff and contractors to conduct a poll of all telephone subscribers in the Gibbon, Fairfax, and Winthrop exchanges:
 - a. For their respective exchanges, the Companies shall provide usable, deliverable addresses for all access lines in a format and according to a schedule established by Commission staff.
 - b. For their respective exchanges, the Companies shall provide proof of the accuracy of the customer lists as requested by Commission staff.
 - c. For their respective exchanges, the Companies shall provide a list of subscribers as of the date specified by Commission staff for polling those exchanges.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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